

UGI PENN NATURAL GAS, INC.

**AGGREGATION AGREEMENT
FOR RATE SCHEDULES RT and NT**

This Aggregation Agreement for Rate Schedules RT and NT ("Aggregation Agreement") is made and entered into this _____ day of _____, 20____, by and between UGI Penn Natural Gas, Inc., a Pennsylvania Corporation ("Company"), and _____, a _____ ("Choice Supplier").

WHEREAS, Company is a Pennsylvania public utility that, amongst other things, provides intrastate transportation service to Rate RT and NT customers located within its certificated service territory; and

WHEREAS, Choice Supplier is engaged in the business of selling natural gas supply services, and desires to market such services to Rate RT and NT customers located within Company's certificated service territory; and

WHEREAS, pursuant to the terms and conditions set forth in this Aggregation Agreement, Company is willing to receive natural gas supplies at specified points of interconnection situated between Company's facilities and the facilities of one or more interstate natural gas pipeline companies to serve the aggregated load of Rate RT and NT customers served by Choice Supplier, and to provide other services to facilitate the provision by Choice Supplier of natural gas supply services to customers; and

WHEREAS, pursuant to the terms and conditions set forth in this Aggregation Agreement, Choice Supplier is willing to deliver natural gas supplies for receipt by Company for subsequent

transportation and redelivery at specified end-use customer locations, and to acquire aggregation services from Company.

NOW, THEREFORE, intending to be legally bound hereby, Company and Choice Supplier agree as follows:

ARTICLE I. DEFINITIONS

For the purposes of this Aggregation Agreement, in addition to any definitions set forth in Company's Gas Service Tariff and *Nomination Procedure*, which are hereby incorporated herein by reference, the following definitions apply:

1. **Aggregation Service** means services provided by Company to Choice Supplier to facilitate the delivery of gas supplies to customers receiving service under Rates RT and NT.

2. **Balancing** means services provided by Company to cover differences between a Choice Supplier's Daily Delivery Requirement and the actual usage of the Choice Supplier's Aggregation Pool.

3. **Customer** means a recipient of service under Rate Schedules RT and NT that contracts for natural gas supply service from a Choice Supplier.

4. **Daily Delivery Requirement (DDR)** means the daily quantities of natural gas supplies a Choice Supplier is required to deliver for an Aggregation Pool, as forecasted and communicated by Company, and may specify the required points of delivery. Such forecast shall be

calculated to include volumes needed for end-use requirements, prior imbalances and Company use and unaccounted for gas.

5. **Daily Flow Directive** (DFD) An order issued by the Company to address system management issues on a non-critical day, including actions necessary to comply with statutory directives and obligations. DFDs will be communicated to affected Customers or NGSs either electronically, by telephone, by facsimile, through the use of the media or by an alternate mutually agreed upon method between the Company and the Customer or NGS. Customers and NGSs must provide the Company with a 24-hour contact for DFDs. Failure to comply with a DFD may result in the Customer or NGS being assessed the penalty charge set forth in Section 16.5 (Section A Gas Service Tariff).

6. **Delivery Point** means a point specified by Company where Choice Supplier may deliver natural gas supplies for subsequent redelivery by Company to Choice Marketer's Rate RT and NT customers.

7. **Operational Flow Order** ("OFO") A directive issued by the Company that is reasonably necessary to alleviate conditions that threaten the operational integrity of the Company's system on a critical day. OFOs will be communicated as soon as reasonably practical to affected Customers or NGSs either electronically, by telephone, by facsimile, through the use of the media or by an alternate mutually agreed upon method between the Company and the Customer or NGS. Customers and NGSs must provide the Company with a 24-hour contact for OFOs. Failure to comply with an OFO may result

in the Customer or NGS being assessed the penalty charge set forth in Section 16.5 (Section A Gas Service Tariff).

8. **Transportation** means a service provided by Company on its facilities that enables gas owned by others to be received into, moved through, and delivered out of facilities owned, leased, or operated and controlled by Company.

9. **Upstream Capacity Assignment, Release or Transfer** means the process to provide access to interstate pipeline capacity and storage contracts owned by Company to Choice Supplier pursuant to Company's tariff and any applicable regulatory rules.

ARTICLE II. TERM

This Aggregation Agreement shall become effective on _____ and shall remain in effect, unless terminated pursuant to Section 6.1 hereof, or by either party by providing ninety (90) days' prior written notice, for so long as Choice Supplier is qualified to receive Rate AG service from Company. In the event this Aggregation Agreement expires or terminates, Company shall have no obligation, as between Choice Supplier and Company, to accept any natural gas supplies tendered by Choice Supplier for receipt into Company's facilities, and Choice Supplier's payment and financial obligations shall continue until fully discharged.

ARTICLE III. CHOICE SUPPLIER'S OBLIGATIONS

1. **Compliance**. Choice Supplier agrees that it shall comply with all of the applicable terms and conditions of Company's Gas Service Tariff and Company's Supplier Tariff, both of which are hereby incorporated by reference.

2. **Upstream Pipeline Capacity**. Choice Supplier shall accept a release, assignment or transfer, on a recallable basis, of a pro-rata portion, but in no event less than one (1) Dth per day per pipeline path, of Company's interstate pipeline and storage contracts at the applicable contract rate or, if authorized by Company, obtain firm pipeline transportation capacity for delivery of gas supply to a delivery point(s) as determined by Company in an amount sufficient to meet the Company-specified peak requirements of its Aggregation Pool.

3. **Natural Gas Supplies**. In the event Company has contracted for gas supplies either for storage or flowing gas for retail customers, who subsequently elect to receive service under Rates RT and NT, Choice Supplier shall purchase from Company a pro rata share of that supply. In the event Choice Supplier receives a release, assignment or transfer from Company of a storage contract, Choice Supplier shall maintain storage inventories at seasonal levels specified by Company consistent with its reliability plan.

In the event Company recalls such storage capacity to meet system needs, Company shall have the right to purchase any associated storage inventory at cost, and Choice Supplier shall not enter into any contractual or other arrangements that might impair Company's ability to make such purchases.

4. **Customer Enrollment**. Choice Supplier will provide notification of customer enrollment, including, but not limited to customer name and respective account number, for all customers on whose behalf Choice Supplier is authorized to deliver gas. All customers enrolled by the 15th of each month will be transferred to their respective Choice Supplier effective with their next calendar month meter read. Enrollment information must be provided via approved internet based Electronic Data Interchange (EDI) transactions, or as otherwise determined by Company.

5. **DDR**. Each day, Choice Supplier shall deliver its Daily Delivery Requirement, as directed by Company.

6. **Charges**. Choice Supplier shall pay all charges set forth in Company's Rate AG billed by Company on or before the due date.

7. **Creditworthiness**. Choice Supplier shall establish, and maintain throughout the term of this Aggregation Agreement, and thereafter until all of Choice Supplier's payment obligations incurred under this Aggregation Agreement have been fully discharged, a satisfactory Financial Security status with Company. To enable the Company to determine credit status, Choice Supplier will provide to the Company the following: 1) relevant financial information to determine creditworthiness; 2) appropriate trade and banking references; and 3) written consent for Company to conduct a credit investigation. In addition, Choice Supplier shall comply with the Financial Security provisions of Company's Supplier Tariff, and may, based on Choice Supplier's credit standing with Company, be required to provide financial security in excess of the minimum amounts specified therein.

8. **Standards of Conduct.** Choice Supplier shall abide by all standards of conduct and other legal requirements applicable to Choice Supplier's line of business, including but not limited to the standard of conduct applicable to Choice Suppliers set forth in rules and regulations established by regulatory bodies having jurisdiction over Choice Supplier's activities, and other applicable law.

9. **Payments.** Choice Supplier will remit payment for all services within 10 days after receipt of Company invoice. A late payment charge of 1.50% per month will be applied to all outstanding balances as of the due date.

10. **Customer List.** Choice Supplier shall execute an Electronic Trading Partner Agreement and will keep confidential any customer information acquired either directly or indirectly from Company, and use such information solely for the purpose of offering natural gas supply service to Rate RT and NT customers. In the event the Company determines the Choice Supplier impermissibly released customer information to another party, in addition to all available remedies, Company may, at its option, immediately cancel this Aggregation Agreement.

ARTICLE IV. COMPANY'S OBLIGATIONS

1. **DDR.** Company shall provide Choice Supplier with its DDR for each Gas Day. Company shall accept receipt of all gas volumes up to the DDR. Company shall have the right to accept, but shall in no instance be required to accept, an Over-delivery by Choice Supplier. The acceptance of such over delivery shall not

constitute any waiver of any provisions of the Company's Gas Service Tariff or *Nomination Procedure*.

2. **Monthly Statement**. Company shall bill Choice Supplier by the 15th of each month for services provided by Company during the preceding month and other amounts due to Company.

3. **Enrollment Notification**. Company shall generate and send a letter to all customers enrolled by a Choice Supplier indicating the supplier selected and the date service from the Choice Supplier is scheduled to commence. All customers enrolled by the 15th of each month will be transferred to their respective Choice Supplier effective with their next calendar meter read if customer does not respond within ten (10) days following confirmation to challenge the enrollment. Company shall send an electronic message confirming the selection to the Choice Supplier. In the event a customer is enrolled by two or more suppliers, the Company will send a confirmation notice for the last Choice Supplier that enrolled the customer, and the other enrolling supplier will be notified of that fact.

4. **Rate AG**. Company shall provide all of the other aggregation services applicable to Choice Supplier specified in the Rate AG provisions of its tariff.

ARTICLE V. BILLING SERVICE

5.1 **Standard Billing Service**. Company shall bill Choice Supplier's Rate RT and NT customers for natural gas supply services provided by Choice Supplier unless a Choice Supplier's customer elects to receive a separate bill for such services from its Choice

Supplier. Choice Supplier must provide all billing rate information no later than ten (10) days prior to the effective date of such rate.

5.2 Standard Billing Charges. Choice Supplier shall pay to Company the following fees for billing services:

Billing Fee \$0.25/Bill.

Billing Adjustment Fee

Affecting One (1) Month - \$3.10/Revised Bill

Affecting More than One (1) Month -

\$3.60/Revised Bill

5.3 **Negotiated Billing Service.** In the event a Choice Supplier wants Company to provide a billing service other than the Standard Billing Service, such service shall be negotiated between Company and Choice Supplier.

5.4 **Choice Supplier Budget Billing.** The Company will bill all budget billing amounts calculated and provided by the Choice Supplier. The Company will not determine or reconcile a License Supplier's budget bill charge.

ARTICLE VI. **REMEDIES**

6.1. **Termination Upon Default.** In addition to other rights a party may have under this Aggregation Agreement, if either party fails to perform an obligation, or breaches any representation or warranty ("Defaulting Party") under this Agreement, then the other party (Non-Defaulting Party") shall have the right to terminate this Agreement by providing prior written notice thereof to the

Defaulting Party. Termination pursuant to this Article shall be without waiver of any additional remedy, whether at law or in equity, to which the party not in default otherwise may be entitled for breach of this Agreement.

6.2. **Limitation of Liability**. Except as expressly permitted under this Agreement and Company's Gas Service Tariff, neither party shall be entitled to recover incidental, consequential or punitive damages, or lost profits, for any breach by the other party of an obligation, representation or warranty under this Agreement, provided such limitation shall not apply to willful or grossly negligent misconduct on the part of the Defaulting Party.

ARTICLE VII. REPRESENTATIONS, WARRANTIES AND INDEMNIFICATION

Choice Supplier warrants that 1) it shall have good title to all natural gas tendered for receipt by Company hereunder, or is authorized by the owner of such gas to tender it for delivery to Company, and 2) such gas will be free and clear of all liens, encumbrances, and claims whatsoever. Choice Supplier shall fully indemnify Company, and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of a breach of such warranties.

ARTICLE VIII. LIMITATION OF THIRD PARTY RIGHTS

This Agreement is entered into solely for the benefit of the Company and the Choice Supplier, and is not intended and should not be deemed to vest any rights, privileges or interests of any kind or

nature to any third party, including, but not limited to the Customers that comprise Choice Supplier's Pool under this Agreement.

ARTICLE IX. SUCCESSION AND ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto. However, no assignment of this Agreement, in whole or in part, will be made without the prior written approval of the non-assigning party. The written consent to assignment shall not be unreasonably withheld.

ARTICLE X. APPLICABLE LAW AND REGULATIONS

This Agreement shall be construed under the laws of the State of Pennsylvania and shall be subject to all valid applicable State, Federal and local laws, rules, orders, and regulations. Nothing herein shall be construed as divesting or attempting to divest any regulatory body of any of its rights, jurisdiction, powers or authority conferred by law.

ARTICLE XI. NOTICES AND CORRESPONDENCE

Written notice and correspondence to Company shall be

addressed as follows:

UGI Penn Natural Gas, Inc.
2525 N. 12th Street, Suite 360
P.O. Box 12677
Reading, PA 19612-2677
Attention: P. J. Szykman
Telephone: (610) 796-3470
Facsimile: (610) 796-3559
Email: pszykman@ugi.com

Written notices and correspondence to Choice Supplier shall be addressed as follows:

Name

Address

Attention:

Telephone:

Facsimile

Computer:

Either party may change its address for receiving notices effective upon receipt, by written notice to the other party.

ARTICLE XII. MISCELLANEOUS

12.1 No modification of the terms and provisions of this Agreement shall be or become effective except by execution of written contracts or by modification of Company's Gas Service Tariff.

12.2. No waiver by any party of any one of more defaults by any other party of any provisions of this Agreement shall operate or be construed as a waiver of any subsequent or previous default or default, whether of a like or a different character.

12.3. In the event any tax or assessment is imposed, directly or indirectly, upon the gas tendered to, or received by Company for redelivery, Choice Supplier agrees to bear the amount of such tax or assessment. In the event that Company is required to pay such tax, Choice Supplier agrees to reimburse Company for such payment.

12.4. The subject heading of the articles of this Agreement are inserted for the purpose of convenient reference and are not intended to be a part of the Agreement nor considered in any interpretation of the same.

12.5. In the event of a conflict between the provisions of this Agreement and Company's Gas Service Tariff, the provisions of Company's Gas Service Tariff shall govern.

IN WITNESS WHEREOF, the parties hereto executed this Agreement on the day and year first above written.

ATTEST:

UGI PENN NATURAL GAS, INC.

BY _____

ATTEST

CHOICE SUPPLIER

BY _____